

Exhibit 59



Preliminary Draft; Subject to Material Change

Creditor Recovery Considerations

December 17, 2018

SEARS HOLDINGS

Preliminary Recovery Framework

[Confidential; Prepared at the Request of Counsel; Preliminary Draft]

Executive Summary

- On December 5, ESL delivered an Indication of Interest ("IOI") with a headline number of \$4.6bn including the following "sources" of funding:
 - \$950mm of cash from a new ABL facility
 - ~\$1.8bn in the form of a credit bid
 - \$500mm of funding comprised of cash, notes in NewCo, equity in NewCo, and/or waiver or assignment of secured deficiency claims. Please note for the purposes of this analysis we assume that \$350mm of the \$500mm is suitable consideration to retire Cyrus's Junior DIP and that \$150mm of it can satisfy funding requirements or unsecured creditors. This issue is a major point that must be discussed with ESL
 - \$271mm through the assumption of the \$271mm Citi LC facility which currently resides today in the 1st lien facilities
 - ~\$1.1bn through the assumption of protection agreement, ShopYourWay point, and gift card liabilities
- In evaluating ESL's bid, there are a few fundamental differences in opinion between ESL and the Company that drive a difference in value to the estate. Please note that the below assumes a February 8, 2019 closing date per the Global Bidding Procedures
- Additionally, since ESL first submitted its IOI, they have indicated that they would support closing 52 additional stores along with the 8 from the U-Haul transaction, which has significantly helped bridge the gap on the Senior DIP & ABL balance shortfall and additional funding required through closing

Issue	Company Stance ⁽¹⁾	ESL Stance ⁽²⁾
Senior DIP & ABL Balance at Close	\$1,062mm A	\$1,050mm (please note ESL used an older number that has since increased to \$1,151mm) B
Required Additional Funding to Reach Closing Date	\$18mm C	\$0mm (Company showed \$131mm of Junior DIP availability) D
Restricted Cash Available to Pay Down 1 st Lien Debt	\$79mm (this is under further diligence as could be higher) E	\$100mm (leaving restricted cash as part of bid) F

1) Assumes going out of business sales for an additional 52 stores, reducing store count to 445, after accounting for the sale of 8 stores to U-Haul. Illustrative only; no decision made on number of GOBs.

2) 500 store going concern bid.

[Confidential; Prepared at the Request of Counsel; Preliminary Draft]

The 1st lien is fully paid using both the Company's numbers and ESL's

Company Numbers	ESL Numbers
<u><i>ESL Bid Components</i></u>	<u><i>ESL Bid Components</i></u>
ABL Cash (A)	\$950
Other Consideration (B)	500
LC Assumption (C)	271
Credit Bid (includes \$125mm of FILO) (D)	1,780
Liability Assumption	1,100
<u><i>Sr. DIP & 1st Lien Cap Structure</i></u>	<u><i>Sr. DIP & 1st Lien Cap Structure</i></u>
Sr. DIP & ABL	\$1,062
LC Facility	271
FILO	125
Total 1st Lien	\$1,458
<u><i>Sr. DIP & 1st Lien Recovery</i></u>	<u><i>Sr. DIP & 1st Lien Recovery</i></u>
Total Outstanding 2/8/19	\$1,458
Less: ABL Cash (A)	(950)
Less: LC Assumption (C)	(271)
Less: FILO Credit Bid (D)	(125)
Less: Available Restricted Cash	(79)
Less: Other Consideration (B)	(33)
Remaining 1st Lien Outstanding	-
Memo: Sr. DIP & 1st Lien Recovery	100%
Memo: Remaining ABL Cash (A)	-
Memo: Remaining Other Consideration (B)	467
<u><i>Sr. DIP & 1st Lien Recovery</i></u>	<u><i>Sr. DIP & 1st Lien Recovery</i></u>
Total Outstanding 2/8/19	\$1,446
Less: ABL Cash (A)	(950)
Less: LC Assumption (C)	(271)
Less: FILO Credit Bid (D)	(125)
Less: Available Restricted Cash	(100)
Less: Other Consideration (B)	-
Remaining 1st Lien Outstanding	-
Memo: Sr. DIP & 1st Lien Recovery	100%
Memo: Remaining ABL Cash (A)	-
Memo: Remaining Other Consideration (B)	500

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The Junior DIP is fully paid down in both scenarios, but the discrepancy is around how to fund operations through close

Company Numbers	ESL Numbers
<u>Jr. DIP Recovery</u>	<u>Jr. DIP Recovery</u>
Total Outstanding 2/8/19	\$350
Less: Remaining ABL Cash (A)	-
Less: Other Consideration (B)	(350)
Remaining Jr. DIP Outstanding	-
<i>Memo: Jr. DIP Recovery</i>	100%
<i>Memo: Remaining Other Consideration (B)</i>	117
<u>Necessary Additional Funding Through Close</u>	<u>Necessary Additional Funding Through Close</u>
Total Funding Needed Through 2/8/19	\$18
Less: Other Consideration (B)	(18)
Shortfall of Additional Funding Required	-
<i>Memo: Remaining Other Consideration (B)</i>	99
<u>RemainCo Assets for Wind-down & Creditors</u>	<u>RemainCo Assets for Wind-down & Creditors</u>
Remaining Other Consideration After Paydown	\$99
Cyrus MTN Sale	83
CC Tort Litigation ⁽¹⁾	40
RemainCo Real Estate ⁽²⁾	170
Other Unencumbered Receivables Value ⁽³⁾	150
Subtotal Consideration for Wind-down & Creditors	\$542
Less: Expected to Cost to Wind-down RemainCO ⁽⁴⁾	(26)
Implied Remaining Consideration for Creditors	\$516
(C)	
(D)	

Notes:

- 1) Based on Centerbridge bid for \$40mm.
- 2) Low end of Company estimated value.
- 3) Low end of Company estimated value.
- 4) Company estimate.

[Confidential; Prepared at the Request of Counsel; Preliminary Draft]

Preliminary & Illustrative Creditor Recovery Matrix

Company Numbers

Preliminary & Illustrative Creditor Recovery Matrix

		ESL Bid and Remaining Assets									
		(\$ in millions)									
Creditors	Gross Claim	New ABL: \$950mm	Other Consideration: \$500mm ⁽⁶⁾	LC Facility Assumption: \$271mm	Credit Bids: ~\$1.8bn ⁽⁷⁾	Liability Assumption: ~\$1.1bn	Restricted Cash: \$79mm	Remaining Assets: ~\$443mm ⁽⁸⁾	\$ Recovery	% Recovery	
Admin and Other Priority Claims ⁽¹⁾	\$204	—	(\$18)	—	—	—	—	(\$186)	\$204	100%	
DIPABL ⁽²⁾	1,062	(950)	(33)	—	—	—	(79)	(E)	—	1,062	100%
Junior DIP	350	—	(350)	—	—	—	—	—	350	100%	
FILO (1.5)	125	—	—	—	(125)	—	—	—	125	100%	
Citi LC Facility (1.75)	271	—	—	(271)	—	—	—	—	271	100%	
2nd Lien Line of Credit Loans	570	—	—	—	(318)	—	—	—	318	56%	
ESL 2nd Lien Term Loan (PIK)	320	—	—	—	(160)	—	—	—	160	50%	
2nd Lien Notes (PIK)	175	—	—	—	(175)	—	—	—	175	100%	
2nd Lien Notes (2.5; Cash)	89	—	—	—	—	—	—	—	—	—	
Dove Loans	831	—	—	—	(831)	—	—	—	831	100%	
Sparrow Loans ⁽³⁾	NA	—	—	—	—	—	—	—	NA	NA	
GL / IP Loan	241	—	—	—	(241)	—	—	—	241	100%	
Total Secured Debt / Admin Claims	\$4,238	(\$950)	(\$401)	(\$271)	(\$1,850)	—	(\$79)	(\$186)	\$3,737	88%	
Protection Agreement Liability ⁽⁴⁾	No priority between GUCs	1,009	—	—	—	(\$1,009)	—	—	\$1,009	100%	
SYW Points and Gift Cards	81	—	—	—	—	(81)	—	—	81	100%	
Unsecured Claims Incl. Deficiency Claims ⁽⁵⁾	3,748	—	(99)	—	—	—	—	(257)	356	9%	
Total Unsecured Debt / Claims	\$4,838	—	(\$99)	—	—	(\$1,090)	—	(\$257)	\$1,446	30%	
Total Debt / Claims	\$9,076	(\$950)	(\$500)	(\$271)	(\$1,850)	(\$1,090)	(\$79)	(\$443)	\$5,182	57%	

Notes: Assumes potential fraudulent transfer claim around Seritage transaction preserved for the estate. Still to be determined who pays cure costs for contracts.

(1) Includes \$18mm of cash funding needed through 2/9/18, \$49mm of post-petition merchandise payables, \$30mm of non-merchandise payables, \$26mm of additional winddown costs, and 503(b)(9) claims of \$81mm (\$126mm gross less \$45mm of critical vendor payments).

(2) Per 12/12/18 revised DIP budget; balances as of 2/9/19.

(3) Analysis does not include consideration for Sparrow entities, which are non-debtors. Any remaining equity in Sparrow entities will need to be purchased by ESL as part of its revised bid.

(4) Estimate of gross liability.

(5) Draft estimate of gross liability per Deloitte of \$3.4bn, less \$45mm of critical vendor payments, less \$81mm of SYW points / gift card liabilities assumed by ESL. Also includes \$413mm of ESL 2L deficiency claims and \$89mm of deficiency claims related to the cash pay 2nd lien notes.

(6) Illustratively assumed to be \$150mm of cash and \$350mm of cash or other consideration acceptable to Cyrus.

(7) Assumes ESL purchases, drags-along, or convinces other holders to roll \$463mm of outstanding debt if does not hold. Excludes \$413mm of ESL 2nd lien debt from credit bid, which become deficiency claims. ESL currently owns \$70mm of FILO, \$847mm of 2L debt, \$723mm of Dove real estate debt, and \$159mm of GL / IP debt, totaling \$1,799mm.

(8) Includes Cyrus MTN note sale of \$82.5mm, Credit Card tort litigation value of ~\$40mm, RemainCo real estate value of ~\$170mm, and other unencumbered accounts receivables value of ~\$150mm.

In order to consummate the transaction, ESL must purchase, drag-along, or convince other holders to roll \$463mm of outstanding FILO, 2nd lien, Dove real estate, and GL / IP debt it does not currently hold. ESL currently owns \$70mm of FILO, \$847mm of 2L debt, \$723mm of Dove real estate debt, and \$159mm of GL / IP debt, totaling \$1,799mm

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ESL Numbers

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		(\$ in millions)									
		ESL Bid and Remaining Assets									
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Admin and Other Priority Claims ⁽¹⁾	\$186	—	—	—	—	—	—	(\$186)	\$186	100%	
DIPABL ⁽²⁾	1,050	(950)	—	—	—	—	—	(100)	—	1,050	100%
Junior DIP	350	—	(350)	—	—	—	—	—	—	350	100%
FILO (1.5)	125	—	—	—	(125)	—	—	—	—	125	100%
Citi LC Facility (1.75)	271	—	—	(271)	—	—	—	—	271	100%	
2nd Lien Line of Credit Loans	570	—	—	—	(318)	—	—	—	318	56%	
ESL 2nd Lien Term Loan (PIK)	320	—	—	—	(160)	—	—	—	160	50%	
2nd Lien Notes (PIK)	175	—	—	—	(175)	—	—	—	175	100%	
2nd Lien Notes (2.5; Cash)	89	—	—	—	—	—	—	—	—	—	
Dove Loans	831	—	—	—	(831)	—	—	—	831	100%	
Sparrow Loans ⁽³⁾	NA	—	—	—	—	—	—	—	NA	NA	
GL / IP Loan	241	—	—	—	(241)	—	—	—	241	100%	
Total Secured Debt / Admin Claims	\$4,208	(\$950)	(\$350)	(\$271)	(\$1,850)	—	(\$100)	(\$186)	\$3,707	88%	
Protection Agreement Liability ⁽⁴⁾	No priority between GUCs	1,009	—	—	—	(\$1,009)	—	—	\$1,009	100%	
SYW Points and Gift Cards	GUCs	81	—	—	—	(81)	—	—	81	100%	
Unsecured Claims Incl. Deficiency Claims ⁽⁵⁾		3,748	—	(150)	—	—	—	(257)	407	11%	
Total Unsecured Debt / Claims	\$4,838	—	(\$150)	—	—	(\$1,090)	—	(\$257)	\$1,497	31%	
Total Debt / Claims	\$9,046	(\$950)	(\$500)	(\$271)	(\$1,850)	(\$1,090)	(\$100)	(\$443)	\$5,203	58%	

Notes: Assumes potential fraudulent transfer claim around Seritage transaction preserved for the estate. Still to be determined who pays cure costs for contracts.

(1) Includes \$18mm of cash funding needed through 2/9/18, \$49mm of post-petition merchandise payables, \$30mm of non-merchandise payables, \$26mm of additional winddown costs, and 503(b)(9) claims of \$81mm (\$126mm gross less \$45mm of critical vendor payments).

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(3) Analysis does not include consideration for Sparrow entities, which are non-debtors. Any remaining equity in Sparrow entities will need to be purchased by ESL as part of its revised bid.

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(6) Illustratively assumed to be \$150mm of cash and \$350mm of cash or other consideration acceptable to Cyrus.

(7) Assumes ESL purchases, drags-along, or convinces other holders to roll \$463mm of outstanding debt if it does not hold. Excludes \$413mm of ESL 2nd lien debt from credit bid, which become deficiency claims. ESL currently owns \$70mm of FILO, \$847mm of 2L debt, \$723mm of Dove real estate debt, and \$159mm of GL / IP debt, totaling \$1,799mm.

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In order to consummate the transaction, ESL must purchase, drag-along, or convince other holders to roll \$463mm of outstanding FILO, 2nd lien, Dove real estate, and GL / IP debt it does not currently hold. ESL currently owns \$70mm of FILO, \$847mm of 2L debt, \$723mm of Dove real estate debt, and \$159mm of GL / IP debt, totaling \$1,799mm

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Preliminary & Illustrative Creditor Recovery Matrix Comparison to Winddown / Liquidation

ESL Bid – Company Numbers ⁽¹⁾

(\$ in millions)

Creditors	Gross Claim	\$ Recovery	% Recovery
Admin and Other Priority Claims	\$204	\$204	100%
DIP ABL	1,062	1,062	100%
Junior DIP	350	350	100%
FILO (1.5)	125	125	100%
Citi LC Facility (1.75)	271	271	100%
2nd Lien 507(b) Claim	–	–	NA
2nd Lien Line of Credit Loans	570	318	56%
ESL 2nd Lien Term Loan (PIK)	320	160	50%
2nd Lien Notes (PIK)	175	175	100%
2nd Lien Notes (2.5; Cash)	89	–	–
Dove Loans	831	831	100%
Sparrow Loans	NA	NA	NA
GL / IP Loan	241	241	100%
Total Secured	\$4,238	\$3,737	88%
Protection Agreement Liability	\$1,009	\$1,009	100%
SYW Points and Gift Cards	81	81	100%
Unsecured Claims Incl. Deficiency Claims	3,748	356	9%
Total Unsecured	\$4,838	\$1,446	30%
Total Claims / Recovery	\$9,076	\$5,182	57%

Winddown / Orderly Liquidation ⁽²⁾

Creditors	Gross Claim	\$ Recovery	% Recovery
Admin and Other Priority Claims	\$1,399	\$1,399	100%
DIP ABL	655	655	100%
Junior DIP	350	350	100%
FILO (1.5)	125	125	100%
Citi LC Facility (1.75)	176	171	97%
2nd Lien 507(b) Claim	342	203	60%
2nd Lien Line of Credit Loans	570	16	3%
ESL 2nd Lien Term Loan (PIK)	320	9	3%
2nd Lien Notes (PIK)	175	5	3%
2nd Lien Notes (2.5; Cash)	89	–	–
Dove Loans	831	389	47%
Sparrow Loans	NA	NA	NA
GL / IP Loan	241	186	77%
Total Secured	\$5,274	\$3,511	67%
Protection Agreement Liability	\$1,009	\$1,009	100%
SYW Points and Gift Cards	–	–	NA
Unsecured Claims Incl. Deficiency Claims	4,762	–	–
Total Unsecured	\$5,771	\$1,009	17%
Total Claims / Recovery	\$11,044	\$4,520	41%

In order to consummate the transaction, ESL must purchase, drag-along, or convince other holders to roll \$463mm of outstanding FILO, 2nd lien, Dove real estate, and GL / IP debt it does not currently hold. ESL currently owns \$70mm of FILO, \$847mm of 2L debt, \$723mm of Dove real estate debt, and \$159mm of GL / IP debt, totaling \$1,799mm

Note: Claims under section 507(b) of the Bankruptcy Code for diminution in the value of second-lien collateral are shown on a preliminary basis. The ultimate value of these claims could vary materially given a number of factors including the use going concern or liquidation values, inclusion or exclusion of certain administrative costs such as professional fees that benefit from the Carve-Out and charges and the ultimate validity of the second-lien liens and claims. In addition, the validity and amount of such diminution claims is expected to be a disputed among the parties.

1) Detailed analysis on page 6.

2) Detailed analysis and assumptions begin on page 15.

[Confidential; Prepared at the Request of Counsel; Preliminary Draft]

DIP Budget as of December 12, 2018

Retail Month	October			November				December				January				February				March			
	Budget Week		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
	Forecast / Actual	Week Ending	ACT	FCST	Total																		
		10/20/18	10/27/18	11/3/18	11/10/18	11/17/18	11/24/18	12/1/18	12/8/18	12/15/18	12/22/18	12/29/18	1/5/19	1/12/19	1/19/19	1/26/19	2/2/19	2/9/19	2/16/19	2/23/19	3/2/19	3/9/19	3/19/19
		201837	201838	201839	201840	201841	201842	201843	201844	201845	201846	201847	201848	201849	201850	201851	201852	201901	201902	201903	201904	201905	1-21
KEY ASSUMPTIONS																							
Go-Forward Same Store Sales Comps	-6%	-11%	-17%	-26%	-14%	-20%	-10%	-13%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%
Forecast Gross Margin	NA	NA	NA	NA	NA	NA	NA	NA	29%	29%	29%	29%	29%	29%	29%	29%	29%	29%	29%	29%	29%	29%	29%
Other Inflows Sales Comps	NA	NA	NA	NA	NA	NA	NA	NA	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%
Other Inflows Store Size Halo Impact	NA	NA	NA	NA	NA	NA	NA	NA	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Keep Stores	687	687	545	545	545	505	505	505	505	505	505	505	505	505	505	505	505	505	505	505	505	505	505
Wave 1 Stores	0	0	142	142	142	142	142	142	142	142	142	142	142	142	142	142	142	0	0	0	0	0	0
Wave 2 Stores	0	0	0	0	0	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	0	0	0
Wave 3 Stores	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CASH RECEIPTS																							
Normal Course Net Merchandise Receipts	\$189	\$157	\$149	\$163	\$161	\$130	\$281	\$161	\$120	\$117	\$149	\$198	\$107	\$89	\$77	\$74	\$68	\$68	\$71	\$80	\$73	\$2,683	
GOB Sales Receipts	0	0	43	49	50	56	56	57	57	52	42	37	27	8	7	4	0	0	0	0	0	0	545
PA Sales	2	11	5	3	1	1	2	2	3	3	3	3	3	3	3	3	3	3	3	7	8	8	79
Other Cash Receipts	0	0	0	0	0	0	0	0	21	21	21	21	35	35	35	35	35	35	35	35	35	35	394
Non-Operating Receipts	0	0	0	0	0	0	3	0	0	0	0	1	0	0	0	2	0	0	0	0	0	0	6
TSA & CSA Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Receipts	\$192	\$169	\$197	\$215	\$213	\$187	\$341	\$220	\$200	\$193	\$215	\$259	\$171	\$135	\$121	\$118	\$106	\$105	\$113	\$123	\$115	\$3,708	
OPERATING DISBURSEMENTS																							
Merchandise Vendors	(\$21)	(\$71)	(\$52)	(\$87)	(\$83)	(\$80)	(\$75)	(\$75)	(\$100)	(\$95)	(\$81)	(\$53)	(\$62)	(\$58)	(\$56)	(\$57)	(\$61)	(\$62)	(\$60)	(\$60)	(\$62)	(\$1,390)	
Occupancy	0	0	0	(24)	(3)	0	0	(1)	(27)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(141)
Payroll, Taxes, and Benefits	(44)	(28)	(65)	(31)	(58)	(32)	(61)	(38)	(60)	(32)	(58)	(31)	(40)	(27)	(25)	(41)	(29)	(36)	(23)	(43)	(28)	(28)	(829)
Other SG&A Disbursements	(15)	(55)	(46)	(45)	(65)	(50)	(68)	(53)	(58)	(70)	(70)	(67)	(68)	(63)	(74)	(58)	(65)	(56)	(59)	(53)	(59)	(1,218)	
GOB Rent	0	0	0	(9)	(1)	0	0	0	(10)	0	0	0	0	0	0	0	0	0	0	0	0	0	(26)
GOB Additional Expenses / Benefit	0	0	0	0	0	0	0	0	(6)	(6)	(6)	(5)	(6)	3	3	3	3	5	5	5	5	5	6
Total Operating Disbursements	(\$80)	(\$154)	(\$163)	(\$196)	(\$209)	(\$161)	(\$204)	(\$167)	(\$260)	(\$204)	(\$195)	(\$157)	(\$206)	(\$146)	(\$153)	(\$155)	(\$168)	(\$164)	(\$138)	(\$152)	(\$162)	(\$3,598)	
CapEx	0	0	0	(1)	(0)	0	(0)	(0)	(1)	(14)													
Net Operating Cash Flow	\$111	\$15	\$34	\$18	\$3	\$26	\$136	\$53	(\$62)	(\$12)	\$19	\$101	(\$36)	(\$12)	(\$33)	(\$37)	(\$63)	(\$60)	(\$26)	(\$30)	(\$48)	\$95	
NON-OPERATING CASH FLOW																							
Chapter 11 Related Disbursements	\$0	(\$9)	\$0	(\$8)	(\$8)	(\$11)	(\$19)	\$0	(\$18)	(\$29)	(\$13)	(\$16)	(\$15)	(\$25)	(\$0)	(\$2)	\$0	(\$27)	\$0	\$0	\$0	(\$200)	
Cash Interest	(\$1)	(\$1)	(\$1)	(\$13)	(\$1)	\$0	(\$10)	(\$6)	(\$3)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$5)	(\$5)	(\$5)	(\$5)	(\$5)	(\$5)	(\$5)	(\$5)	(\$92)
Financing Fees	(10)	0	0	(1)	0	0	(15)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(3)	0	0	(4)	0	0	0	0	(37)
Other Non-Operating Disbursements	(\$11)	(\$1)	(\$1)	(\$14)	(\$1)	\$0	(\$25)	(\$6)	(\$3)	(\$4)	(\$7)	(\$4)	(\$4)	(\$5)	(\$5)	(\$9)	(\$5)	(\$5)	(\$5)	(\$5)	(\$6)	(\$129)	
Net Cash Flow Before Financing	\$100	\$5	\$33	(\$4)	(\$6)	\$15	\$92	\$46	(\$83)	(\$45)	\$2	\$78	(\$54)	(\$42)	(\$42)	(\$44)	(\$72)	(\$92)	(\$31)	(\$36)	(\$54)	(\$233)	
Financing	112	0	0	(100)	0	0	(330)	(46)	83	45	(2)	(78)	54	42	42	44	72	92	31	36	54	150	
Net Cash Flow	\$212	\$5	\$33	(\$104)	(\$6)	\$15	(\$239)	\$0	(\$83)														
Available Cash	\$296	\$300	\$333	\$229	\$224	\$239	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Availability Before Buyer Financing	165	118	59	85	55	50	322	229	191	109	91	86	62	34	15	15	61	123	149	182	236	236	
Buyer Financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	61	123	149	182	236
Memo: Total Liquidity (Availability + Cash)	\$461	\$419	\$392	\$314	\$279	\$288	\$322	\$229	\$191	\$109	\$91	\$86	\$62	\$34	\$0	\$15	\$0	\$0	\$0	\$0	\$0	\$0	
Memo: Wind-down Reserve - Restricted Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$81	\$81	\$81	\$81	\$81	\$141	\$141	\$150	\$159	\$168	\$177	\$186	\$194	\$203	\$212	\$221	\$221
Memo: Carve-Out Reserve - Restricted Cash	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Memo: Normal Course Merchandise COGS	\$98	\$78	\$78	\$81	\$80	\$164	\$99	\$86	\$83	\$106	\$140	\$78	\$63	\$55	\$48	\$48	\$51	\$57	\$52	\$23	\$23	\$23	\$1,594
Memo: GOB Merchandise COGS	\$0	\$20	\$28	\$29	\$35	\$43	\$38	\$53	\$46	\$43	\$41	\$36	\$32	\$8	\$7	\$6	\$0	\$0	\$0	\$0	\$0	\$0	\$465
Memo: GOB NOLV	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Memo: Borrowing Base	\$1,805	\$1,758	\$1,699	\$1,625	\$1,595	\$1,590	\$1,515	\$1,375	\$1,359	\$1,315	\$1,300	\$1,126	\$1,067	\$1,067	\$1,140	\$1,139	\$1,145	\$1,155	\$1,161	\$1,163	\$1,163		
Memo: Loan to Value %	79.9%	82.0%	84.6%	83.2%	84.7%	85.0%	69.9%	73.147	75.8%	80.6%	81.7%	81.0%	82.2%	84.4%	87.1%	86.4%	87.5%	87.5%	87.5%	87.5%	87.5%	87.5%	
Memo: Sr. DIP & L Balance	\$1,640	\$1,640	\$1,640	\$1,540	\$1,540	\$1,540	\$1,193	\$1,147	\$1,168	\$1,205	\$1,209	\$1,040	\$1,004	\$1,033	\$1,066	\$1,125	\$1,139	\$1,145	\$1,155	\$1,161	\$1,163	\$1,163	
Memo: Jr DIP Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$75	\$75	\$150	\$150	\$150	\$250	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	
Memo: Merch AP Balance	\$11	\$29	\$30	\$34	\$63	\$59	\$73	\$81	\$59	\$56	\$72	\$71	\$64	\$67	\$69	\$68	\$64	\$66	\$65	\$64	\$64	\$64	

[Confidential; Prepared at the Request of Counsel; Preliminary Draft]

Illustrative Preliminary Rolling DIP Budget Assuming 60 Store GOB Wave⁽¹⁾

Retail Month	October			November				December				January				February				Total	
	1 ACT	2 ACT	3 ACT	4 ACT	5 ACT	6 ACT	7 ACT	8 ACT	9 FCST	10 FCST	11 FCST	12 FCST	13 FCST	14 FCST	15 FCST	16 FCST	17 FCST	18 FCST	19 FCST	20 FCST	
Budget Week	10/29/18	10/27/18	11/03/18	11/10/18	11/17/18	11/24/18	12/01/18	12/08/18	12/15/18	12/22/18	12/29/18	1/05/19	1/12/19	1/19/19	1/26/19	2/02/19	2/09/19	2/16/19	2/23/19	2/29/19	3/06/19
Forecast / Actual	Week Ending	Retail Week	201807	201808	201809	201810	201811	201812	201813	201814	201815	201816	201817	201818	201819	201820	201821	201822	201823	201824	1-20
KEY ASSUMPTIONS																					
Go-Forward Same Store Sales Comps	-0%	-11%	-17%	-20%	-14%	-20%	-10%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%
Forecast Gross Margin	NA	NA	NA	NA	NA	NA	NA	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Other Inflows Sales Comps	NA	NA	NA	NA	NA	NA	NA	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%
Other Inflows Store Size Halo Impact	NA	NA	NA	NA	NA	NA	NA	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Keep Stores	987	987	945	945	945	905	905	905	445	445	445	445	445	445	445	445	445	445	445	445	445
Wave 1 Stores	0	0	142	142	142	142	142	142	142	142	142	142	142	142	142	142	0	0	0	0	0
Wave 2 Stores	0	0	0	0	0	40	40	40	40	40	40	40	40	40	40	40	40	40	0	0	0
Wave 3 Stores	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CASH RECEIPTS																					
Normal Course Net Merchandise Receipts	\$189	\$157	\$149	\$163	\$161	\$130	\$281	\$161	\$120	\$117	\$149	\$180	\$98	\$82	\$71	\$68	\$62	\$62	\$65	\$73	\$2,539
ICB Sales Receipts	0	0	43	49	50	56	56	57	57	52	58	56	46	29	26	24	16	14	10	9	709
PA Sales	2	15	5	3	1	1	1	2	3	3	3	3	3	3	3	3	3	3	7	8	72
Other Cash Receipts	0	0	0	0	0	0	0	0	0	21	21	20	33	33	33	33	33	33	33	33	344
Non-Operating Receipts	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	6
TSA & CSA Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Receipts	\$152	\$163	\$197	\$215	\$213	\$187	\$341	\$220	\$200	\$193	\$225	\$260	\$180	\$147	\$133	\$130	\$115	\$112	\$116	\$123	\$3,670
OPERATING DISBURSEMENTS																					
Merchandise Vendors	(\$21)	(\$71)	(\$52)	(\$87)	(\$83)	(\$80)	(\$75)	(\$75)	(\$55)	(\$88)	(\$57)	(\$49)	(\$56)	(\$53)	(\$51)	(\$52)	(\$56)	(\$57)	(\$55)	(\$56)	(\$1,260)
Occupancy	0	0	0	(24)	(3)	0	0	0	(1)	(26)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(117)
Payroll, Taxes, and Benefits	(44)	(29)	(66)	(31)	(68)	(32)	(61)	(36)	(60)	(32)	(56)	(31)	(40)	(27)	(26)	(41)	(29)	(36)	(23)	(43)	(601)
Other G&A, Disbursements	(12)	(55)	(46)	(45)	(62)	(50)	(60)	(50)	(70)	(70)	(67)	(65)	(62)	(74)	(60)	(65)	(59)	(53)	(53)	(53)	(1,159)
GOB Rent	0	0	0	(9)	(1)	0	0	0	(10)	0	0	0	(9)	0	0	0	(2)	(1)	0	0	(32)
GOB Additional Expenses / Benefit	0	0	0	0	0	0	0	0	(6)	(6)	(7)	(7)	(7)	(1)	(1)	(1)	(4)	(4)	(4)	(4)	(12)
Total Operating Disbursements	(\$80)	(\$154)	(\$163)	(\$156)	(\$203)	(\$161)	(\$204)	(\$167)	(\$255)	(\$157)	(\$153)	(\$155)	(\$202)	(\$143)	(\$150)	(\$151)	(\$164)	(\$160)	(\$135)	(\$145)	(\$3,350)
CapEx	0	0	0	(1)	(0)	0	(0)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(14)
Net Operating Cash Flow	\$111	\$15	\$34	\$16	\$3	\$26	\$136	\$53	(\$57)	(\$5)	\$36	\$104	(\$23)	\$3	(\$16)	(\$22)	(\$50)	(\$49)	(\$20)	(\$27)	\$265
NON-OPERATING CASH FLOW																					
Chapter 11 Related Disbursements	\$0	(\$8)	\$0	(\$6)	(\$6)	(\$11)	(\$10)	\$0	(\$32)	(\$16)	(\$10)	(\$10)	(\$16)	(\$20)	(\$10)	(\$2)	\$0	(\$22)	\$0	\$0	(\$172)
Cash Interest	(31)	(\$31)	(\$1)	(\$13)	(\$1)	30	(\$10)	(\$6)	(\$3)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$35)	(\$35)	(\$35)	(\$35)	(\$35)	(\$355)
Financing Fees	(10)	0	0	(1)	0	0	(15)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	0	0	0	0	0	(25)
Other Non-Operating Disbursements	(\$11)	(\$1)	(\$1)	(\$14)	(\$1)	\$0	(\$25)	(\$5)	(\$5)	(\$4)	(\$4)	(\$7)	(\$4)	(\$4)	(\$5)	(\$5)	(\$5)	(\$5)	(\$5)	(\$5)	(\$114)
Net Cash Flow Before Financing	\$100	\$5	\$33	(\$6)	(\$6)	\$15	\$92	\$47	(\$52)	(\$25)	\$15	\$81	(\$42)	(\$25)	(\$24)	(\$26)	(\$55)	(\$75)	(\$25)	(\$32)	(\$19)
Financing	112	0	0	(100)	0	0	(30)	(47)	92	25	(19)	(81)	42	25	24	20	55	75	25	32	(43)
Net Cash Flow	\$122	0	\$5	(\$33)	(\$6)	\$15	(\$28)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$42)
Available Cash	\$205	\$300	\$333	\$229	\$224	\$239	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50
Net Availability Before Buyer Financing	165	115	59	65	55	50	322	225	157	125	127	120	107	67	18	53	112	64	36	134	134
Buyer Financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Memo: Total Liquidity (Availability - Cash)	\$451	\$159	\$392	\$314	\$279	\$288	\$322	\$225	\$187	\$125	\$127	\$120	\$107	\$67	\$18	\$53	112	64	36	134	134
Memo: Wind-down Reserve - Restricted Cash	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Memo: Carve-Out Reserve - Restricted Cash	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Memo: Normal Course Merchandise COGS	\$93	\$75	\$76	\$61	\$80	\$104	399	365	363	3106	3128	369	330	349	344	344	346	332	324	31,315	
Memo: GOB Merchandise COGS	\$0	\$20	\$25	\$29	\$35	\$43	\$36	\$47	\$48	\$43	\$51	\$47	\$45	\$22	\$21	\$14	\$13	\$11	\$10	\$584	
Memo: GOB NOLV	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Memo: Borrowing Base	\$1,805	\$1,758	\$1,699	\$1,625	\$1,595	\$1,590	\$1,515	\$1,375	\$1,344	\$1,311	\$1,298	\$1,119	\$1,057	\$1,031	\$1,012	\$1,075	\$1,055	\$1,059	\$1,057	\$1,067	
Memo: Loan to Value %	79.9%	82.0%	84.6%	83.2%	84.7%	85.0%	69.9%	74.0%	76.0%	79.6%	79.4%	78.4%	78.6%	81.4%	86.1%	83.1%	85.6%	84.4%	94.4%	97.3%	NA
Memo: Sr. DIP & IL Balance	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	
Memo: Jr DIP Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Memo: Merch AP Balance	\$11	\$29	\$30	\$34	\$63	\$59	\$73	\$67	\$44	\$43	\$36	\$30	\$49	\$51	\$53	\$52	\$49	\$30	\$49	\$49	\$49

A

C

1) No decision made on number of GOBs.

[Confidential; Prepared at the Request of Counsel; Preliminary Draft]

Company Produced Daily Cash Flow Report as of November 28, 2018

Date	Week	Operating Change	Available Cash	Unavailable Cash	Total Cash	Total Revolver	LC	Term Loan - prepetition	Term Loan - DIP	Total Term Loan	Junior Dip Reserves	Total 1L Loans	DIP Borrowing Base	DIP Availability	
Nov	37	-	655	655	385	121	571	112	683	75	77	1,189	-	-	
3-Dec-18	44	10	-	666	666	375	121	571	112	683	75	77	1,179	276	164
4-Dec-18	44	50	-	613	613	325	121	571	112	683	75	77	1,129	276	164
5-Dec-18	44	(19)	-	602	602	344	121	571	112	683	75	68	1,147	272	160
6-Dec-18	44	(9)	-	601	601	353	121	571	112	683	75	68	1,156	272	160
7-Dec-18	44	(14)	-	606	606	366	121	571	112	683	75	68	1,170	272	160
10-Dec-18	45	15	-	693	693	351	121	571	112	683	75	68	1,155	272	160
11-Dec-18	45	58	-	627	627	293	121	571	112	683	75	68	1,096	272	160
12-Dec-18	45	(16)	-	614	614	309	121	571	112	683	75	66	1,113	269	157
13-Dec-18	45	11	-	612	612	298	121	571	112	683	75	66	1,102	269	157
14-Dec-18	45	(1)	-	618	618	299	121	571	112	683	75	66	1,103	269	157
17-Dec-18	46	24	-	498	498	275	121	571	112	683	75	66	1,078	269	157
18-Dec-18	46	57	-	426	426	218	121	571	112	683	75	66	1,022	269	157
19-Dec-18	46	7	-	415	415	211	121	571	112	683	75	64	1,015	263	151
20-Dec-18	46	(26)	-	417	417	237	121	571	112	683	75	64	1,041	263	151
21-Dec-18	46	(0)	-	427	427	237	121	571	112	683	75	64	1,041	263	151
24-Dec-18	47	11	-	525	525	226	121	571	112	683	75	64	1,029	263	151
26-Dec-18	47	80	-	417	417	146	121	571	112	683	75	62	950	256	144
27-Dec-18	47	2	-	394	394	143	121	571	112	683	75	62	947	256	144
28-Dec-18	47	11	-	395	395	133	121	571	112	683	75	62	937	256	144
31-Dec-18	48	1	-	436	436	132	121	571	112	683	75	62	936	256	144
2-Jan-19	48	16	-	407	407	116	121	571	112	683	75	62	920	247	135
3-Jan-19	48	10	-	386	386	106	121	571	112	683	75	62	910	247	135
4-Jan-19	48	12	-	391	391	94	121	571	112	683	75	62	898	247	135
Dec	291	-	428	428	94	121	571	112	683	75	75	898	-	-	-
7-Jan-19	49	(28)	-	434	434	122	121	571	112	683	75	62	926	247	135
8-Jan-19	49	23	-	393	393	99	121	571	112	683	75	62	903	247	135
9-Jan-19	49	(11)	-	383	383	110	121	571	112	683	75	62	914	245	134
10-Jan-19	49	(5)	-	383	383	115	121	571	112	683	75	62	919	245	134
11-Jan-19	49	(18)	-	384	384	134	121	571	112	683	75	62	937	245	134
14-Jan-19	50	12	-	426	426	122	121	571	112	683	75	62	925	245	134
15-Jan-19	50	10	-	387	387	112	121	571	112	683	75	62	916	245	134
16-Jan-19	50	(10)	-	379	379	122	121	571	112	683	75	63	926	244	132
17-Jan-19	50	(1)	-	378	378	123	121	571	112	683	75	63	927	244	132
18-Jan-19	50	(5)	-	380	380	128	121	571	112	683	75	63	932	244	132
22-Jan-19	51	(44)	-	436	436	172	121	571	112	683	75	63	976	244	132
23-Jan-19	51	5	-	389	389	167	121	571	112	683	75	62	971	242	130
24-Jan-19	51	(2)	-	385	385	169	121	571	112	683	75	62	972	242	130
25-Jan-19	51	(24)	-	380	380	193	121	571	112	683	75	62	997	242	130
28-Jan-19	52	7	-	418	418	186	121	571	112	683	75	62	989	242	130
29-Jan-19	52	(4)	-	383	383	190	121	571	112	683	75	62	993	242	130
30-Jan-19	52	(30)	-	377	377	220	121	571	112	683	75	61	1,023	241	129
31-Jan-19	52	(10)	-	378	378	229	121	571	112	683	75	61	1,033	241	129
1-Feb-19	52	(7)	-	381	381	236	121	571	112	683	75	61	1,040	243	131
Jan	(141)	-	416	416	236	121	571	112	683	75	75	1,040	-	-	-

B

D

11

[Confidential; Prepared at the Request of Counsel; Preliminary Draft]

Company Produced Daily Cash Flow Report as of December 7, 2018

Date	Week	Operating Change	Available Cash	Unavailable Cash	Total Cash	Total Revolver	LC	Term Loan - prepetition	Term Loan - DIP	Total Term Loan	Junior DIP	Reserves	Total 1L Loans	DIP Borrowing Base	DIP Availability
Nov		31	-	372	372	391	120	571	112	683	75	87	1,193		
3-Dec-18	44	9	-	377	377	382	120	571	112	683	75	87	1,184	276	164
4-Dec-18	44	44	-	325	325	337	120	571	112	683	75	87	1,140	276	164
5-Dec-18	44	6	-	317	317	332	120	571	112	683	75	84	1,134	272	160
6-Dec-18	44	(2)	-	316	316	334	120	571	112	683	75	81	1,137	272	160
7-Dec-18	44	(10)	6	316	322	350	120	571	112	683	75	81	1,152	272	160
10-Dec-18	45	1	-	397	397	343	120	571	112	683	75	81	1,145	272	160
11-Dec-18	45	44	-	337	337	299	120	571	112	683	75	81	1,102	272	160
12-Dec-18	45	(22)	-	326	326	321	120	571	112	683	75	88	1,124	269	157
13-Dec-18	45	6	-	324	324	315	120	571	112	683	75	88	1,117	269	157
14-Dec-18	45	5	12	330	342	322	120	571	112	683	75	88	1,124	269	157
17-Dec-18	46	10	-	417	417	300	120	571	112	683	75	88	1,103	269	157
18-Dec-18	46	49	-	347	347	251	120	571	112	683	75	88	1,053	269	157
19-Dec-18	46	3	-	337	337	248	120	571	112	683	75	86	1,051	263	151
20-Dec-18	46	(25)	-	340	340	273	120	571	112	683	75	86	1,076	263	151
21-Dec-18	46	(9)	10	350	360	292	120	571	112	683	75	86	1,094	263	151
24-Dec-18	47	8	-	452	452	273	120	571	112	683	75	86	1,076	263	151
26-Dec-18	47	75	-	337	337	198	120	571	112	683	75	84	1,001	256	144
27-Dec-18	47	(1)	-	315	315	200	120	571	112	683	75	84	1,003	256	144
28-Dec-18	47	6	13	315	328	207	120	571	112	683	75	84	1,010	256	144
31-Dec-18	48	5	-	352	352	189	120	571	112	683	75	84	992	256	144
2-Jan-19	48	6	-	327	327	184	120	571	112	683	75	84	986	247	135
3-Jan-19	48	3	-	310	310	181	120	571	112	683	75	84	984	247	135
4-Jan-19	48	13	13	316	329	181	120	571	112	683	75	84	984	247	135
Dec		223	13	352	365	181	120	571	112	683	75	984			
7-Jan-19	49	(29)	-	358	358	196	120	571	112	683	75	84	999	247	135
8-Jan-19	49	20	-	317	317	176	120	571	112	683	75	84	979	247	135
9-Jan-19	49	(11)	-	307	307	187	120	571	112	683	75	84	990	245	134
10-Jan-19	49	(6)	-	307	307	193	120	571	112	683	75	84	996	245	134
11-Jan-19	49	(19)	10	309	319	222	120	571	112	683	75	84	1,025	245	134
14-Jan-19	50	12	-	351	351	200	120	571	112	683	75	84	1,002	245	134
15-Jan-19	50	8	-	311	311	192	120	571	112	683	75	84	995	245	134
16-Jan-19	50	(10)	-	303	303	202	120	571	112	683	75	84	1,005	244	132
17-Jan-19	50	(1)	-	302	302	203	120	571	112	683	75	84	1,005	244	132
18-Jan-19	50	(19)	10	304	314	231	120	571	112	683	75	84	1,034	244	132
22-Jan-19	51	(46)	-	359	359	267	120	571	112	683	75	84	1,070	244	132
23-Jan-19	51	3	-	313	313	264	120	571	112	683	75	83	1,067	242	130
24-Jan-19	51	(4)	-	308	308	268	120	571	112	683	75	83	1,070	242	130
25-Jan-19	51	(20)	7	303	310	295	120	571	112	683	75	83	1,098	242	130
28-Jan-19	52	7	-	340	340	281	120	571	112	683	75	83	1,084	242	130
29-Jan-19	52	(6)	-	306	306	287	120	571	112	683	75	83	1,090	242	130
30-Jan-19	52	(31)	-	301	301	318	120	571	112	683	75	82	1,121	241	129
31-Jan-19	52	(11)	-	303	303	330	120	571	112	683	75	82	1,132	241	129
1-Feb-19	52	(9)	10	306	316	348	120	571	112	683	75	82	1,151	243	131
Jan		(170)	10	340	350	348	120	571	112	683	75	1,151			

Please note this refers to the updated number not the original \$1,050mm

B

[Confidential; Prepared at the Request of Counsel; Preliminary Draft]

Restricted Cash Estimate as of November 30, 2018

(E)

- For the Company's purposes, we have conservatively assumed there is \$79mm of cash in regional banks
 - The Company is continuing to diligence the restricted cash number to further refine our assumption
- Of note, from ESL's perspective, they assume the \$79mm of cash in regional banks plus a combination of utility deposits, cash posted as collateral, invested cash, and store cash should yield \$100mm in total cash to pay down creditors

(F)

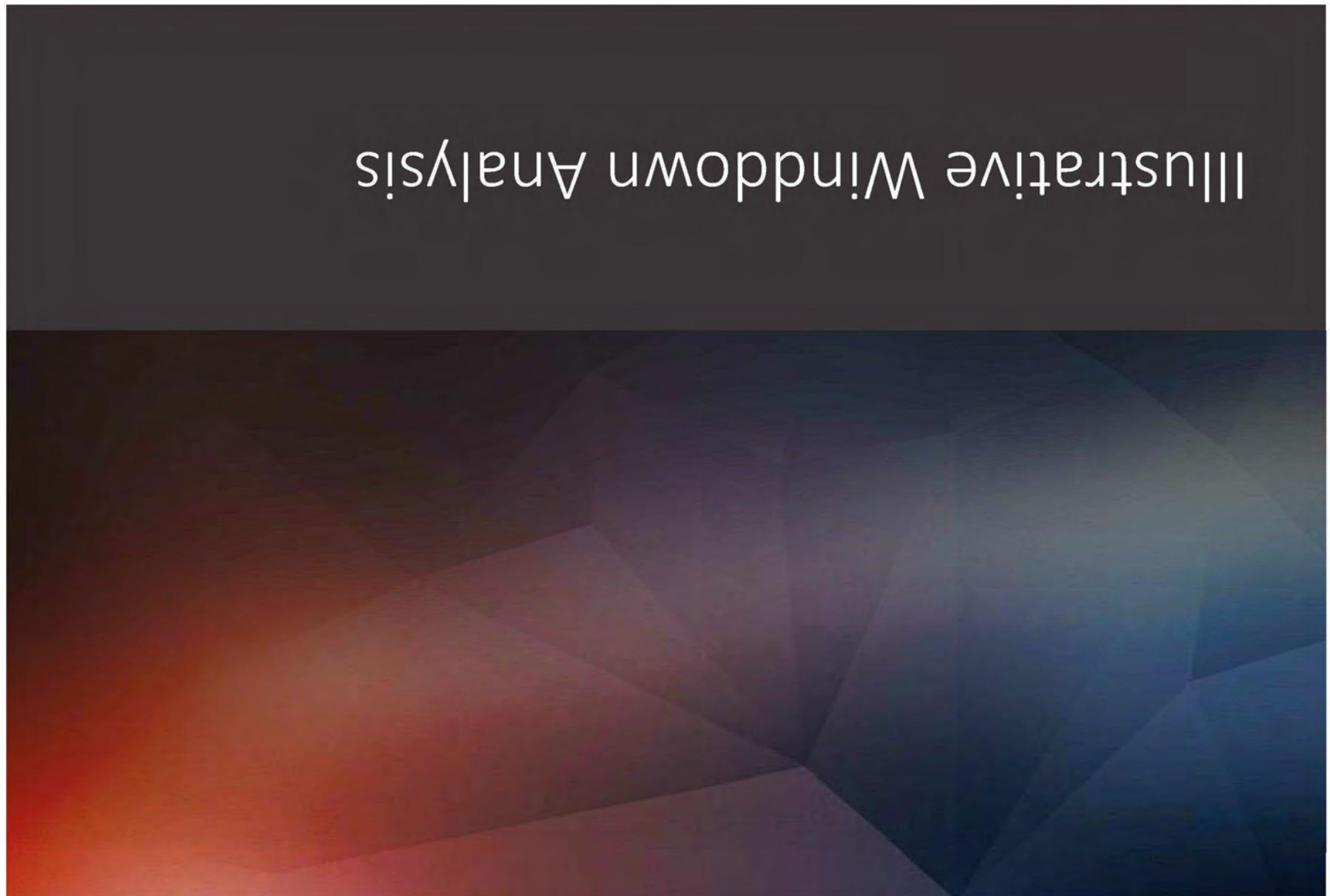
Per 11/30 Daily Cash Forecast:	NOV	DEC	JAN
	Month End	Month End	Month End
Cash in Escrow <i>(for future pension payments)</i>	-	-	-
Segregated Cash <i>(restructuring legal fees, utility deposits, cosigned inventory)</i>	72	72	72
Sale of MTN Notes	82	82	82
Credit Card Receivables	82	63	41
Cash Posted as Collateral	5	5	5
Invested Cash	8	8	8
Cash in Regional Banks	58	70	79
Cash in Stores	17	19	22
Total Unavailable Cash per 11/30 Daily Cash Forecast	\$ 324	\$ 319	\$ 309

14

SEARS HOLDINGS

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Illustrative Window Analysis



[Confidential; Prepared at the Request of Counsel; Preliminary Draft]

Winddown Executive Summary

- **With assistance from its professionals, the Company has prepared a preliminary wind-down budget showing a twelve-month orderly liquidation commencing 12/16/18**
 - The preliminary wind-down budget assumes that all assets are orderly liquidated in-place, including general merchandise inventory and real estate. Self-supporting business units, e.g., SHS, are assumed to be sold as going concerns pursuant to section 363 of the bankruptcy code
 - The analysis is on a consolidated basis for the Company, and does not take into account intercompany or guaranty claims between and among the Debtors
 - At 12/16/18, we assume the Company will:
 - Commence liquidation of all remaining inventory in the stores and distribution centers (with GOB sales beginning on 1/1/19)
 - Reject all remaining store and DC leases, other than valuable leases, which will be monetized
 - Reject all remaining non-essential contracts
 - Reduce management and staff to the minimum necessary to liquidate the collateral and perform transition services
 - Sell or monetize all remaining encumbered and unencumbered assets
 - Substantial funding for the wind-down is provided by:
 - The first \$240mm of unencumbered asset sale proceeds realized (which are segregated into a separate account), after which unencumbered asset sale proceeds and a portion of proceeds from the specified collateral are used to repay the \$350mm Junior DIP in full; after the Junior DIP has been repaid in full, additional asset proceeds are used to pay administrative expenses and unsecured creditors
 - The imposition of a 4% charge on encumbered assets sold throughout the case, with the exception of the first lien and prepetition ABL collateral (including non-insider portions of the FILO and Citi L/C), and Junior DIP collateral, due to the 506(c) waivers granted to these lenders solely in their capacity as DIP lenders
 - Excess proceeds (proceeds above lien value) from sales of encumbered collateral
- **The Debtors are assumed to use cash generated during the wind-down period to pay administrative costs including:**
 - Operating costs during the twelve-month wind-down period, including associated payroll and benefits costs for remaining employees
 - First lien secured lenders
 - Professional fees
 - Employee severance and PTO
 - 503(b)(9) and post-petition trade claims
 - Satisfaction of transition-service obligations incurred to maximize value in stand-alone business §363 sale transactions
- **Prior to 12/16/18, the Company is assumed to operate in the ordinary course with a 505 store footprint**

[Confidential; Prepared at the Request of Counsel; Preliminary Draft]

Key Assumptions – Operations

• Operating Receipts

- Cash receipts are assumed to be generated through the following channels during the wind-down period:
 - Sales of merchandise in the normal course in the weeks leading up to the GOBs
 - Protection agreement sales underwritten by Assurant
 - Continued service revenues (direct-to-consumer repair services, B2B repair, warranty commissions)
 - Continued non-operating receipts (pass-through and non-pass-through) such as Citi credit card accrued interest sharing, insurance proceeds, dividends from foreign subsidiaries and litigation recoveries
 - Asset sales including both encumbered and unencumbered collateral
- Same-store sales
 - Analysis assumes negative 15% same-store sales for all stores until the wind-down period begins on 12/16/18
 - Stores are assumed to maintain a 29% gross margin throughout the projection period, excluding GOBs, which are assumed to run at a net negative margin resulting in 89% Net Orderly Liquidation Value
 - All sales shown net of taxes, including sales taxes, pass-throughs, and royalties
- The wind-down analysis assumes 3 waves of GOBs
 - Wave 1: 142 Stores beginning 10/28/18 ending 1/12/19
 - Wave 2: 40 Stores beginning 11/18/18 ending 2/2/19
 - Wave 3: 505 Stores beginning 1/1/19 ending 3/18/19
- Other Inflows
 - Cessation of all PA sales after the first week of February 2019, PA liabilities assumed by buyer
 - Negative 15% YoY declines in Other Revenues, including Service Revenues

• Operating Disbursements

- COGS Disbursements
 - Merchandise vendors assumed to be primarily on cash-in-advance terms with 4-day average shipping time in the period leading up to the wind-down with some merch AP based post-filing actuals:
 - Outstanding merchandise AP is paid down ~ 8 weeks after the wind-down starts using GOB proceeds (~\$37mm)
 - Following the transition to the wind-down mode on 12/16/18 no additional merchandise disbursements are made (last week of disbursements assumed to be the week ending 12/22/18) and merchant teams are immediately rationalized other than a small number of key employees to oversee vendor relations as the remaining on order inventory is shipped to the stores

[Confidential; Prepared at the Request of Counsel; Preliminary Draft]

Key Assumptions – continued

- **Operating Disbursements (Continued)**
 - SG&A Disbursements
 - Assumes all dark store leases are rejected immediately (Company rejected 234 leases on 10/16/18) and GOB leases are rejected at the end of the GOB sales period; as the last set of GOBs is projected to run from the week ending 1/4/19 to the week ending 3/22/19, lease payments would be made for March and rejected in April
 - Immediate RIF of non-core; non-key personnel beginning 12/16/18 – 60 days of WARN following RIF announcement
 - Uses the Company's detailed Payroll, Benefits, Non-Merch and Tax projection to project cost
 - Analysis assumes non-critical costs are cut in accordance with profitability goals to reach a run rate of 80% in Week 7, stepping down each additional month until hitting a baseline spend in the second week of February with a preliminary wind-down SG&A structure
 - Assumes logistics costs are right-sized to reflect lower store count
 - GOB store payroll and other expenses are removed at the end of the GOB sales
 - GOBs expected to last 11 weeks in line with historical actuals
 - Capex assumes historical levels of maintenance with reductions in line with store closures
- **Other Disbursements**
 - Assumes \$10mm of utility deposits paid, and are subsequently forfeit during the wind-down
 - Assumes \$90mm of spend on critical vendor payments during the post-petition period
 - Assumes professional fees accrue at a monthly run-rate of ~\$23mm through the first phase ending 12/16/18
 - After case begins to wind down, professional fees drop to an eventual monthly run rate of ~\$5mm Professional fees (full projected pipeline to 12/16/18 + general carve-out + success fees) accrued in the carveout reserve until the wind-down begins; fees then paid for by the liquidation of the first lien collateral after the ABL, non-insider FILO and non-insider Citi L/C have been fully amortized
 - Assumes total severance of \$51mm through September 2019 (exclusive of WARN notice costs)
 - Assumes additional \$7mm of gift card redemptions over the run-rate through December 2018
- **Junior DIP**
 - Assumes \$350mm capped Non-Amortizing Multi-Draw Term Loan Junior DIP Facility
 - Junior DIP facility assumed to have a lien junior only to the First Lien DIP facility on prepetition unencumbered collateral other than specified collateral; on specified collateral, the Junior DIP liens are pari passu with the First Lien DIP facility after the first \$240mm of proceeds have gone to fund the earlier of a) the wind-down reserve or b) the wind-down of business operations
 - Interest Expense of L+1,000

[Confidential; Prepared at the Request of Counsel; Preliminary Draft]

Key Assumptions – continued

- **Unencumbered Asset Values**
 - Credit Card Tort Claim: Assumes \$40mm
 - Unencumbered Receivables: Assumes \$86mm, estimated using 30% recovery on \$285mm book value
 - Sears Auto Centers (SAC): Assumed to be immediately liquidated simultaneously with the stores, with proceeds reflected in GOB recoveries – no going concern value
 - Includes actual sale of SRAC MTNs for net proceeds of approximately \$81mm, which is included in the wind-down reserve
 - Monark: Assumed to be placed up for auction on 1/1/19 – No value assumed
 - No value assumed for Net Operating Losses
 - Initial illustrative and preliminary estimates of the following assets used per 12/2/18 consultation with Lazard
 - Innovel: Assumed to be placed up for auction on 1/1/19 and to generate \$25mm of gross proceeds;
 - Sears Home Improvement: \$60mm
 - Sears Home Services (SHS): \$100mm placed up for auction on 1/1/19
 - Buyer assumed to accept liabilities related to the protection agreements in a sale process
 - TSA modeled in place for all going concern assets such that any and all costs incurred by wind-down entity are assumed to be passed through directly to the purchaser
- **Unencumbered Real Estate Values**
 - Starting point values for top 40 unencumbered real estate assume midpoint of JLL appraisals and A&G broker opinion of value
 - Starting point estimates were haircut by 50% to reflect discount due to accelerated liquidation vs. going concern valuations
 - If no valuation was provided by JLL or A&G, we assumed the Company's historical target value for the property
 - Sale assumption dates for properties are based on market interest in the properties and expected sale process timing
 - The methodology outlined above results in a preliminary and illustrative ~\$286mm of gross proceeds for top 40 properties and ~\$141mm of gross proceeds for remaining unencumbered properties, adding to a total of ~\$427mm of gross real estate proceeds, which was then reduced by an estimated 6% broker fee for net proceeds to the estate of ~\$401mm
 - See page 26 in appendix for additional detail by property
- **Encumbered Asset Values**
 - Dove real estate are assumed to be sold at 70% of dark value and incur a 6% broker fee
 - IPGL real estate collateral assumed to be sold at dark values and incur a 6% broker fee
 - IPGL IP collateral assumed to be sold for \$50mm, which represents ~15% of the low-end estimate of distressed fair market value of \$345mm as stated in the Ocean Tomo appraisal document dated 1/12/18
- **Kenmore and Diehard**
 - \$100mm of proceeds related to Kenmore or DieHard; excluded from analysis given KCD notes to non-debtor entity

[Confidential; Prepared at the Request of Counsel; Preliminary Draft]

Assumptions Subject to Review

All of the assumptions in this document are highly preliminary and subject to material change, including, without limitation:

- Go-forward financial performance of the store base
- Go-forward financial performance of the non-store businesses
- Feasibility and timing of SG&A reductions
- Assets
 - Certain island stores and the Guam stores may be sold as going concern stores which would change recoveries on those assets
 - Carry costs and timing of real estate liquidations
 - The analysis does not include real estate related expenses past the end of GOB periods for potential additional time and carrying costs that may be required to sell real estate assets
 - No recovery is assumed from Avoidance Actions or Sears RE
 - Assumes no proceeds from collateral charges are paid to the estate from the Sparrow collateral
- Claims
 - 503(b)(9) and GUC claims as of the petition date are estimated by SHC; subject to change based on further inventory receipt reconciliation
 - The initial estimate of the size of the general unsecured claim pool may change materially
 - WARN, severance, and PTOs costs associated with RIFs occurring past 11/15/18 are based on average salary and benefits of employees, and will change as employees subject to future RIFs are finalized
 - The analysis does not include Priority Tax Claims created on a prepetition basis; the advisors are continuing to diligence these items
- PBGC Claim
 - This analysis does not reflect any view or estimate regarding a) the size of the PBGC claim, b) the priority of the PBGC claim, or c) any proceeds associated with the liquidation or transfer of securities held by the PBGC
 - The PBGC is likely to have a significant unsecured claim, which is excluded from this analysis
- Cost Allocations and Asset Proceeds Waterfall
 - All cost allocations and collateral charges are preliminary and illustrative in nature and will be subject to further input and review by the Company and its advisors

[Confidential; Prepared at the Request of Counsel; Preliminary Draft]

Preliminary & Illustrative Creditor Recovery Matrix

Winddown Scenario

Preliminary & Illustrative Creditor Recovery Matrix

Creditors	Gross Claim	Remaining Assets									\$ Recovery	% Recovery
		1st Lien Collateral	Jr. DIP Collateral (Previously Unencumbered)	Sparrow RE	Dove RE	IP/GL Collateral	Wind-down Reserve	Carve-Out	Liability Assumption: ~\$1.0bn			
Admin and Other Priority Claims ⁽¹⁾	\$1,399	(\$1,088)	(\$103)	–	(\$17)	(\$9)	(\$137)	(\$45)	–	\$1,399	100%	
DIPABL ⁽²⁾	655	(655)	–	–	–	–	–	–	–	655	100%	
Junior DIP	350	–	(350)	–	–	–	–	–	–	350	100%	
FILO (1.5)	125	(125)	–	–	–	–	–	–	–	125	100%	
Citi LC Facility (1.75) ⁽³⁾	176	(171)	–	–	–	–	–	–	–	171	97%	
2nd Lien 507(b) Claim ⁽⁴⁾	342	–	(203)	–	–	–	–	–	–	203	60%	
2nd Lien Line of Credit Loans	570	(16)	–	–	–	–	–	–	–	16	3%	
ESL 2nd Lien Term Loan (PK)	320	(9)	–	–	–	–	–	–	–	9	3%	
2nd Lien Notes (PK)	175	(5)	–	–	–	–	–	–	–	5	3%	
2nd Lien Notes (2.5; Cash)	89	–	–	–	–	–	–	–	–	–	–	
Dove Loans	831	–	–	–	(389)	–	–	–	–	389	47%	
Sparrow Loans ⁽⁵⁾	NA	–	–	–	–	–	–	–	–	NA	NA	
GL / IP Loan	241	–	–	–	–	(186)	–	–	–	186	77%	
Total Secured Debt / Claims	\$5,274	(\$2,071)	(\$656)	–	(\$406)	(\$196)	(\$137)	(\$45)	–	\$3,511	67%	
Protection Liability ⁽⁶⁾	\$1,009	–	–	–	–	–	–	–	(\$1,009)	\$1,009	100%	
Unsecured and Deficiency Claims ⁽⁷⁾	4,762	–	–	–	–	–	–	–	–	–	–	
Total Unsecured Debt / Claims	\$5,771	–	–	–	–	–	–	–	(\$1,009)	\$1,009	17%	
Total Debt / Claims	\$11,044	(\$2,071)	(\$656)	–	(\$406)	(\$196)	(\$137)	(\$45)	(\$1,009)	\$4,520	41%	

Notes:

(1) Includes \$59.7mm of Payroll, Taxes, and Benefits, \$70.4mm of Rent and Occupancy, \$734.3mm of Other SG&A Disbursements, \$14.8mm of CapEx, \$257.6mm of WindDownCo Expense, \$8.2mm of Severance, \$52.7mm of WARN, \$94.4mm of 503(b)(9), \$73.3mm of Post-Petition AP, \$39.7mm of Post-Petition TSA/CSA, \$163.3mm of Other Ch. 11 Expense, and \$56.4mm of Interest and Fees, net against \$225mm of other proceeds and operating profit contribution.

(2) Per Wind Down Budget; balances as of 1/5/19.

(3) Preliminary estimate of liability: \$271mm of written LCs reduced by \$75mm of workers' comp and \$20mm customs bond; proceeds from the liquidation of the collateral are then used to cash collateralize the remaining \$107mm non-insider portion of the facility, after which, the collateral is ratably charged an ~7% 506(c) surcharge with the remainder used to cash collateralize the remaining \$69mm insider portion of the facility.

(4) Claims under section 507(b) of the Bankruptcy Code for diminution in the value of second-lien collateral are shown on a preliminary basis. The ultimate value of these claims could vary materially given a number of factors including the use going concern or liquidation values, inclusion or exclusion of certain administrative costs such as professional fees that benefit from the Carve-Out and charges and the ultimate validity of the second-lien liens and claims. In addition, the validity and amount of such diminution claims is expected to be a disputed among the parties.

(5) Sparrow entities are non-debtors and excluded from analysis.

(6) Estimate of gross liability. Illustratively assumes protection liability is assumed by any potential Sears Home Services Buyer, resulting in full recovery to buyers of protection agreements and warranties.

(7) Draft estimate of gross liability per Deloitte of \$3.4bn, less \$32mm of critical vendor payments, plus deficiency claims of ~\$1.4bn.

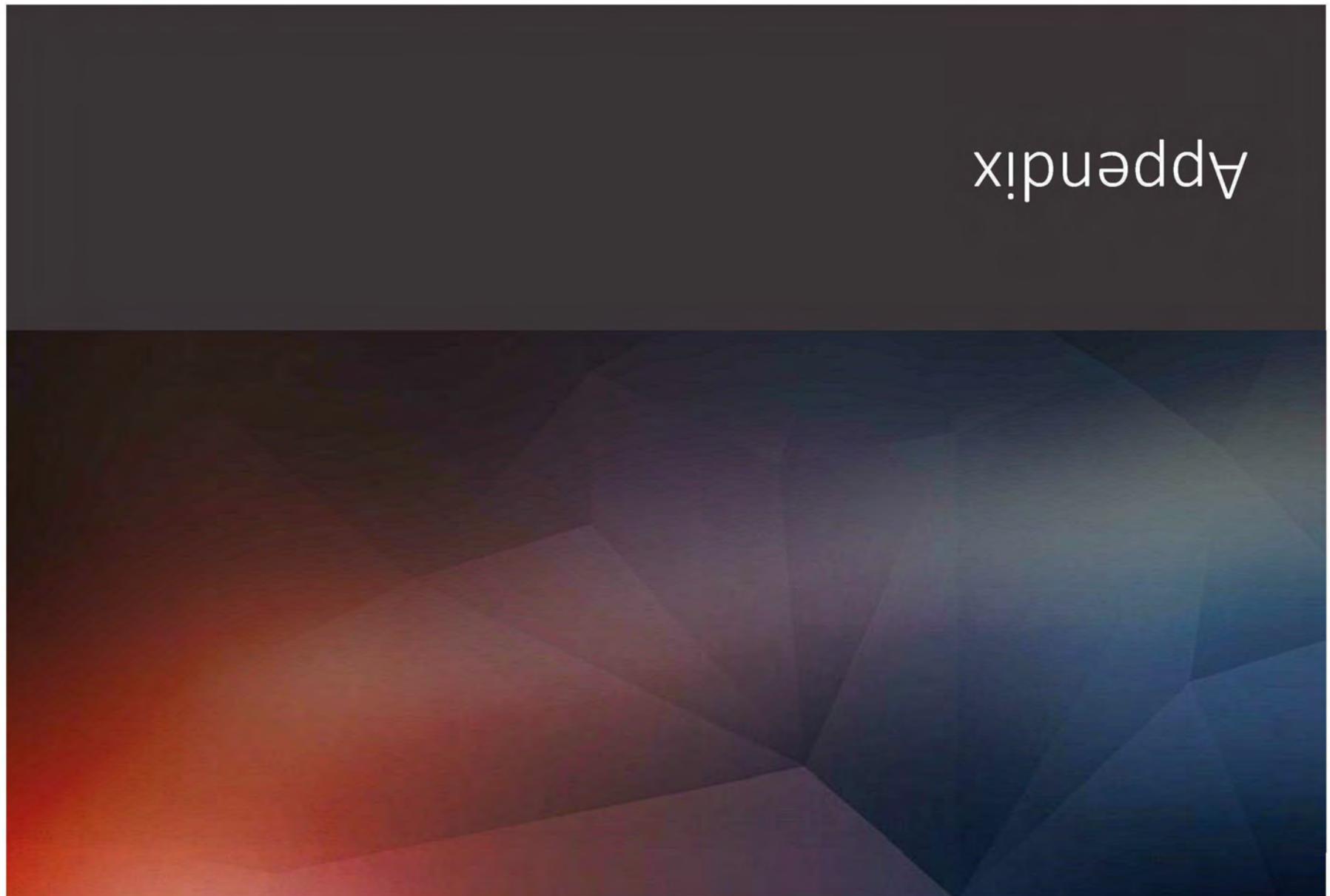
Citi LC Facility				
Ownership	Gross Claim	Paydown	Recovery (\$)	Recovery (%)
Non-insiders	\$107	(\$107)	\$107	100%
ESL	\$69	(\$64)	\$64	93%
Total	\$176	(\$171)	\$171	97%

21

SEARS HOLDINGS

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Appendix



[Confidential; Prepared at the Request of Counsel; Preliminary Draft]

Schedule of Estimated Unsecured Liabilities

(\$ in millions)

Description	ESL Bld - Company Numbers	Window n Scenario	Comments
Unsecured Notes			
Old 8% Senior Unsecured Notes due 2019 - \$625M	\$411	\$411	
New 8% Senior Unsecured PK Notes due 2019 - \$214M	223	223	
SRAC Unsecured Notes	186	186	
SRAC Unsecured PK Notes	108	108	
SRAC Medium Term Notes with Cyrus Capital (External)	251	251	Reflects obligation to Cyrus per MTN sale
Total Unsecured Notes Payable	\$1,178	\$1,178	<i>See Note 1 Below</i>
Accounts Payable			
NAP	\$132	\$132	
RAPS	350	350	
Import	247	247	
CARFACH	7	7	
MONARK	4	4	
SHP	7	7	
Critical Vendor Payments	(45)	(33)	
Total Accounts Payable	\$703	\$715	<i>See Note 2 below</i>
Accrued & Other Liabilities			
Cash Overdrafts	\$79	\$79	
Customer Deposits	3	3	Only inclusion is prepaid subtenant lease
Payable to Concessions	2	2	
Services Payable	1	1	
ST Unfavorable Leases	3	3	
ST Pension OPEB	18	18	
Other Current Liabilities	99	99	
Accrued Insurance	19	19	
Accrued Rent Expense	3	3	
Accrued Interest Payable	35	35	Could include some intercompany - for conservatism included all
Accrued Expenses - Miscellaneous	20	20	
Pension and post retirement benefits	1,160	1,160	<i>See Note 3 below</i>
Total Accrued & Other Liabilities	\$1,443	\$1,443	<i>See Note 4 below</i>
Other Items			
Protection Liabilities	\$1,009	\$1,009	
Estimated Lease Rejection Damages (217 Stores)	100	100	Est. at 1 year's rent for 217 rejected stores
Estimated Lease Rejection Damages (182 Additional Stores)	TBD	TBD	Do not have estimated rejection damages on these - believe there are 172 leased stores within the 182 total.
Payments & Waivers Related to First Day Motions	(96)	(96)	Excludes \$44M of payroll payments and other agreements where debt was waived in consideration for change of terms.
Total Other Items	\$1,013	\$1,013	
Deficiency Claims			
Off LC Facility (1.75)	—	\$5	
2nd Lien Line of Credit Loans	\$253	445	
ESL 2nd Lien Term Loan (PK)	160	250	
2nd Lien Notes (PK)	—	137	
2nd Lien Notes (2.5; Cash)	89	89	
Dove Loans	—	442	
GL / IP Loan	—	55	
Total Deficiency Claims	\$502	\$1,422	
TOTAL	\$4,838	\$5,771	

Notes:

[1] Does not include \$232.4M of SRAC Commercial Paper owed to Non-Debtors; Also does not include \$1,151B of secured notes that are currently undersecured (Deficiency Claims.)

[2] Any contract cure payments would reduce this balance on a negotiated basis, which is usually a 100% recovery. Also any vendor trade liabilities that qualify for 503(b)(9) status and are not part of a contract cure assumption, would receive 'Administrative Priority'. Includes SHP payables.

[3] Pension & Post Retirement Benefits include \$1,024B of accrued pension liability (Plans I and II), and \$135M of accrued post retirement benefits.

[4] Does not include any potential unsecured claims subject to 'Priority' status per Section 507 of the bankruptcy code - this could include claims by Taxing Authorities and Employee-Related Claims (limited to \$12,850 per employee with the remainder falling to General Unsecured status).

Source: Deloitte balance sheet estimates as of 10/6/2018, updated to reflect deficiency claims, protection liability claims, and other certain adjustments; subject to change.

[Confidential; Prepared at the Request of Counsel; Preliminary Draft]

Preliminary & Illustrative Wind Down Cash Flows

1 of 2

Wind Down Budget Cash Flows

(\$ in Millions)	Case Week (Ending)																Case Total
	3 Oct 2018	7 Nov 2018	12 Dec 2018	16 Jan 2019	20 Feb 2019	25 Mar 2019	29 Apr 2019	33 May 2019	38 June 2019	42 Jul 2019	46 Aug 2019	51 Sep 2019	55 Oct 2018	59 Nov 2019	64 Dec 2019	68 Jan 2020	
OPERATING RECEPPTS																	
Normal Course Net Merchandise Receipts	\$389.6	\$735.6	\$680.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,805.5
Plus: GOB Sales Receipts	0.0	210.8	452.2	1,093.8	808.6	146.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,712.3
Plus: PA Sales	13.6	6.4	51.6	41.6	10.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	123.3
Plus: Other Cash Receipts	149.1	0.0	73.6	78.1	41.9	11.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	354.1
Plus: Non-Operating Receipts	4.9	3.0	1.8	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.0
Plus: TSA & CSA Receipts	0.0	0.0	0.6	2.4	6.2	7.8	6.2	6.2	7.2	3.8	0.0	0.0	0.0	0.0	0.0	0.0	40.3
Total Operating Receipts:	\$557.2	\$955.8	\$1,260.1	\$1,218.2	\$866.8	\$166.1	\$6.2	\$6.2	\$7.2	\$3.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$5,047.5
OPERATING DISBURSEMENTS																	
Payroll, Taxes, and Benefits	(137.0)	(181.8)	(170.2)	(57.6)	(2.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(548.7)
Rent and Occupancy	0.0	(36.8)	(40.2)	(34.1)	(25.0)	(11.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(147.4)
Merchandise Vendors	(144.1)	(324.8)	(266.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(735.4)
Other SG&A Disbursements	(116.3)	(228.1)	(370.3)	(352.3)	(286.0)	(96.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1,449.0)
CapEx	0.0	(1.7)	(5.4)	(4.1)	(4.5)	(5.1)	(1.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(21.9)
Total Operating Disbursements	(\$397.4)	(\$773.1)	(\$862.7)	(\$448.2)	(\$317.6)	(\$112.4)	(\$1.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$2,902.3)
Net Cash Flow before Wind-Down and Ch. 11	\$159.8	\$182.7	\$407.4	\$770.0	\$549.2	\$53.7	\$5.2	\$6.2	\$7.2	\$3.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2,145.1
WindDownCo Expense	0.0	0.0	(45.8)	(42.0)	(42.0)	(40.9)	(26.5)	(26.5)	(33.2)	(20.9)	(4.0)	(4.9)	(4.0)	(4.0)	(4.9)	(4.0)	(303.4)
Severance	0.0	0.0	(4.1)	0.0	(4.1)	0.0	0.0	0.0	(4.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(12.2)
WARN	0.0	0.0	(16.9)	(10.5)	(2.6)	(16.2)	(9.7)	0.0	(1.7)	(6.8)	(5.1)	0.0	0.0	0.0	0.0	0.0	(69.5)
503(b)(9)	0.0	0.0	0.0	0.0	(94.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(94.4)
Warranty Refunds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Post-Petition AP	0.0	0.0	0.0	0.0	(73.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(73.3)
Post-Petition TSA/CSA	0.0	0.0	(0.6)	(2.4)	(6.2)	(7.5)	(6.2)	(6.2)	(7.2)	(3.8)	0.0	0.0	0.0	0.0	0.0	0.0	(40.3)
Other Ch. 11 Expense	(9.1)	(45.8)	(77.5)	(29.0)	(23.7)	(10.8)	(16.4)	(16.3)	(6.1)	(9.6)	(13.5)	(11.5)	(7.5)	(3.9)	(9.0)	(295.6)	
Interest and Fees	(13.4)	(39.7)	(13.9)	(7.3)	(4.5)	(5.5)	(4.4)	(4.4)	(5.5)	(4.4)	(4.0)	(4.1)	(2.9)	(3.6)	(2.9)	(123.4)	
Wind-Down and Ch. 11 Related Expense	(\$22.5)	(\$85.5)	(\$158.7)	(\$91.2)	(\$250.7)	(\$81.1)	(\$63.2)	(\$53.4)	(\$57.7)	(\$42.0)	(\$22.6)	(\$22.5)	(\$18.4)	(\$14.3)	(\$12.5)	(\$15.8)	(\$1,012.1)
Net Cash Flow after Wind-Down and Ch. 11 Costs	\$137.3	\$97.2	\$248.7	\$678.8	\$298.5	(\$27.4)	(\$58.1)	(\$47.2)	(\$50.6)	(\$38.2)	(\$22.6)	(\$22.5)	(\$18.4)	(\$14.3)	(\$12.5)	(\$15.8)	\$1,133.1

[Confidential; Prepared at the Request of Counsel; Preliminary Draft]

Preliminary & Illustrative Wind Down Cash Flows

2 of 2

Wind Down Budget Cash Flows

(\$ in Millions)	Case Week (Ending)																		Case Total
	3	7	12	16	20	25	29	33	38	42	46	51	55	59	64	68			
	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	June 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020			
Net Cash Flow after Wind-Down and Ch. 11 Costs	\$137.3	\$97.2	\$248.7	\$678.8	\$298.5	(\$27.4)	(\$58.1)	(\$47.2)	(\$50.6)	(\$38.2)	(\$22.6)	(\$22.5)	(\$18.4)	(\$14.3)	(\$12.5)	(\$15.8)	\$1,133.1		
Pari Passu Sr. DIP Properties	0.0	0.0	0.0	0.0	8.8	0.0	0.0	0.0	12.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.3	
Junior DIP Collateral	0.0	81.1	56.4	59.9	154.6	12.8	29.1	210.3	57.5	50.9	0.0	0.0	80.8	0.0	0.0	0.0	0.0	793.5	
Dove RE Loan Collateral	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	389.0	0.0	0.0	0.0	0.0	389.0	
Sparrow RE Loan Collateral	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	513.2	0.0	0.0	0.0	0.0	513.2	
IFGL Loan Collateral	0.0	0.0	0.0	208.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	208.0	
Unencumbered Assets Collateral	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
PBGC Springing Lien Collateral	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Estate Charges	0.0	0.0	0.0	9.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.3	0.0	0.0	0.0	0.0	0.0	26.5	
Encumbered Assets (Total)	\$0.0	\$81.1	\$56.4	\$277.2	\$163.4	\$12.8	\$29.1	\$210.3	\$70.0	\$50.9	\$513.2	\$406.3	\$80.8	\$0.0	\$0.0	\$0.0	\$1,951.6		
of which: Excess Proceeds	0.0	0.0	0.0	0.0	248.8	0.0	0.0	14.2	70.0	50.9	0.0	0.0	80.8	0.0	0.0	0.0	0.0	464.8	
Beginning Cash Balance	83.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	83.8	
ABL & DIP Draw / (Paydown)	111.9	(446.8)	(537.5)	(655.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1,527.9)	
Jr. DIP Draw / (Paydown)	0.0	75.0	275.0	0.0	(112.0)	(12.8)	(29.1)	(196.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	
FILO Paydown	0.0	0.0	0.0	(39.3)	(85.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(125.0)	
Standalone LC Paydown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Sparrow Loans Paydown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(513.2)	0.0	0.0	0.0	0.0	0.0	0.0	(513.2)	
Consolidated R.E. Loans Paydown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(389.0)	0.0	0.0	0.0	0.0	0.0	0.0	(389.0)	
IFGL Paydown	0.0	0.0	0.0	(208.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(208.0)	
Net Cash Flow After Debt Paydown	\$333.0	(\$193.5)	\$42.6	\$53.2	\$264.3	(\$27.4)	(\$58.1)	(\$33.0)	\$19.4	\$12.7	(\$22.6)	(\$5.2)	\$62.5	(\$14.3)	(\$12.5)	(\$15.8)	\$405.2		
WDR Funding	0.0	(81.1)	(56.4)	(59.9)	197.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Carveout Funding	0.0	(58.4)	13.8	6.8	8.0	(5.0)	9.2	10.5	(2.9)	(10.4)	6.0	7.9	7.0	3.9	(1.7)	5.4	(0.0)	0.0	
Available Cash	333.0	0.0	0.0	0.0	469.7	437.3	388.4	365.9	382.5	384.8	368.2	370.8	440.3	429.9	415.7	405.2	405.2		
Wind-down Reserve	0.0	81.1	137.5	197.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Carve-out Account	0.0	58.4	44.7	37.9	29.9	34.8	25.7	15.2	18.0	28.4	22.4	14.5	7.5	3.6	5.4	0.0	0.0	0.0	
Total Liquidity (Availability + Cash + WDR)	\$333.0	\$139.5	\$182.1	\$235.3	\$499.6	\$472.2	\$414.1	\$381.1	\$400.5	\$413.2	\$380.6	\$385.4	\$447.8	\$433.5	\$421.1	\$405.2	\$405.2		
Outstanding Balances																			
Memo: 2L Instruments	1,151.0	1,151.0	1,151.0	1,151.0	1,151.0	1,151.0	1,151.0	1,151.0	1,151.0	1,151.0	1,151.0	1,151.0	1,151.0	1,151.0	1,151.0	1,151.0	1,151.0		
Borrowing Base	1,698.9	1,515.1	1,262.5	629.0	174.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Sr. DIP & ABL	1,639.8	1,193.0	655.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FILO	125.0	125.0	125.0	85.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Citi LC	271.0	271.0	271.0	271.0	271.0	271.0	271.0	271.0	271.0	271.0	271.0	271.0	271.0	271.0	271.0	271.0	271.0		
Jr. DIP	0.0	75.0	350.0	350.0	238.0	225.2	196.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Professional Fees	174.5	174.5	153.7	153.7	134.3	110.6	99.8	83.5	61.1	54.9	45.3	31.8	20.3	12.8	9.0	0.0	0.0	0.0	
Severance & PTO	7.5	19.7	11.5	8.2	4.1	4.1	4.1	4.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
503(b)9 Claims	94.4	94.4	94.4	94.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Post-Petition Warranties	23.1	23.1	23.1	23.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Post-Petition AP	36.9	29.1	73.3	73.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Adm & Priority Claims	\$2,372.3	\$2,004.8	\$1,757.4	\$1,059.3	\$647.4	\$610.9	\$571.0	\$358.5	\$332.1	\$325.9	\$316.3	\$302.8	\$291.3	\$283.8	\$280.0	\$271.0	\$271.0		

[Confidential; Prepared at the Request of Counsel; Preliminary Draft]

Preliminary & Illustrative Wind Down Cash Flows

Sources and Uses of Cash

Wind-down begins on 12/16/18:	Est. Claim Amount as of Wind-down	Sources of Proceeds																Total	
		DIP Collateral				Excess from Encumbered Assets or Collateral Charge					Additional Jr. DIP Collateral					Reserves			
		Other 1L Collateral ¹	GOB Proceeds	Jr. DIP R.E. (Net WDR)	Sparrow R.E.	Secured R.E.	IP (ex-KCD)	IPGL Leases	Kenmore	Diehard	Other Revbls	SHS	Monark	Innovei	CC Tort Claim	Wind-Down Reserve	Prof Fee Carve-Out		
Total Asset Net Proceeds	N/A	246	2,049	242	-	17	2	7	-	-	81	150	-	24	56	240	45	3,160	
Sr. DIP & ABL	655	(207)	(449)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(655)	
Jr. DIP	350	-	-	(39)	-	-	-	-	-	-	(81)	(150)	-	(24)	(56)	-	-	(350)	
FILO & Citi LC	301	-	(296)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(296)	
2nd Lien	1,154	-	(31)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(31)	
503(b)(9)	94	-	(94)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(94)	
Professional Fees	154	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(109)	(45)	(154)	
Home Office Wind-down Cost	258	-	(100)	-	-	(17)	(2)	(7)	-	-	-	-	-	-	-	(131)	-	(258)	
Logistics and Other SG&A	936	-	(936)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(936)	
WARN	53	-	(53)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(53)	
Severance	8	-	(8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8)	
PTO	3	-	(3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3)	
KBP/KERP	6	-	(6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6)	
Post-Petition AP	73	-	(73)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(73)	
Post-Petition TSA and CSA	40	-	(40)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(40)	
507(b)	342	-	(203)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(203)	

Excess:

Note: Claims under section 507(b) of the Bankruptcy Code for diminution in the value of second-lien collateral are shown on a preliminary basis. The ultimate value of these claims could vary materially given a number of factors including the use going concern or liquidation values, inclusion or exclusion of certain administrative costs such as professional fees that benefit from the Carve-Out and charges and the ultimate validity of the second-lien liens and claims. In addition, the validity and amount of such diminution claims is expected to be a disputed among the parties.

[Confidential; Prepared at the Request of Counsel; Preliminary Draft]

Asset Detail - Unencumbered Real Estate

The following properties are assumed to be collateral for the Junior DIP, liquidated throughout the course of wind-down period

Asset	City	State	Broker/Txn Fees	Net Proceeds	Gross Proceeds Before Fees ¹	Historical Company Target	JLL Appraisal	A&G Broker Opinion	Assumed Sale Date
1998 Bruckner Blvd	Bronx	NY	6%	16.5	17.5	44.0	37.5	32.7	1/22/2019
111 E Magnolia Blvd	Burbank	CA	6%	15.4	16.3	15.0	48.0	17.3	4/18/2019
Road #176 Km 0.5 Cupey Bajo	Rio Piedras	PR	6%	-	-	-	-	-	3/20/2019
8374 N 4000 EAST RD	Manteno	IL	6%	-	-	-	-	-	6/7/2019
6910 Fayetteville Rd Ste 400	Durham	NC	6%	-	-	-	-	-	8/18/2019
7900 Gov Ritchie Hwy	Glen Burnie	MD	6%	4.0	4.3	7.0	8.6	-	7/19/2019
901 N Federal Hwy	Ft Lauderdale	FL	6%	5.4	5.7	14.0	10.7	12.1	7/30/2019
2300 Hilltop Mall Rd	Richmond	CA	6%	2.5	2.7	5.4	-	-	2/7/2019
2505 El Camino Real	TUSTIN	CA	6%	4.7	5.1	-	10.1	-	7/29/2019
3655 Sw 22Nd St	Coral Gables	FL	6%	10.4	11.0	13.0	18.2	26.0	5/23/2019
1155 Veteran's Blvd	Redwood City	CA	6%	7.9	8.4	5.0	16.8	-	2/25/2019
5665 N Rosemead Blvd	Temple City	CA	6%	9.2	9.8	5.0	19.6	-	6/18/2019
14091 S W 88Th St	Miami	FL	6%	5.3	5.6	5.0	11.2	-	7/1/2019
77 Middlesex Ave	Somerville	MA	6%	1.6	1.7	7.0	3.3	-	5/20/2019
2044 Montauk Hwy	Bridgehampton	NY	6%	5.8	6.2	19.0	12.4	-	1/22/2019
236 N Central Ave	Glendale	CA	6%	18.9	20.1	24.0	51.7	28.8	5/22/2019
22100 Hawthorn Blvd	Torrance	CA	6%	18.6	19.8	33.0	54.2	25.0	6/13/2019
660 W Winton Ave	Hayward	CA	6%	17.3	18.4	38.0	49.8	23.6	2/21/2019
8150 La Palma Ave	Buena Park	CA	6%	22.2	23.6	43.0	64.5	30.0	7/25/2019
20777 Bear Valley Road	Apple Valley	CA	6%	2.4	2.6	5.1	-	-	7/17/2019
1700 W Intl Speedway Blvd	Daytona Beach	FL	6%	3.1	3.3	6.6	-	-	7/28/2019
150 Woodbridge Ctr Ct	Woodbridge	NJ	6%	4.0	4.2	27.0	14.9	2.1	4/1/2019
1355 West Main Street	Salem	VA	6%	-	-	-	-	-	2/11/2019
399 Tarrytown Rd	White Plains	NY	6%	11.7	12.5	18.0	-	24.9	6/21/2019
2000 Northeast Ct	Bloomington	MN	6%	0.6	0.6	25.0	-	1.3	4/2/2019
525 Franklin Delano Roosevelt Ave	Hato Rey	PR	6%	5.1	5.4	19.0	-	10.8	6/27/2019
800 Sunrise Mall	Massapequa	NY	6%	7.5	8.0	16.0	-	-	7/15/2019
8250 Day Creek Blvd	Rancho Cucamonga	CA	6%	7.1	7.5	15.0	-	-	1/17/2019
300 Baychester Ave	Bronx	NY	6%	15.6	16.6	15.0	-	33.3	1/28/2019
1067 W Baltimore Pike	Media	PA	6%	7.1	7.5	15.0	-	-	4/15/2019
98-180 Kamehameha Hwy	Aiea	HI	6%	4.9	5.3	23.0	-	10.5	1/21/2019
100 Main St	White Plains	NY	6%	8.9	9.5	19.0	-	-	1/17/2019
768 Iyannough Rd	Hyannis	MA	6%	7.6	8.1	16.3	-	-	6/28/2019
2928 N Roosevelt Blvd	Key West	FL	6%	1.5	1.6	13.7	-	6.5	7/22/2019
250 Granite St	Braintree	MA	6%	1.4	1.4	30.0	-	5.8	3/22/2019
2650 E Olympic Blvd	Boyle	CA	6%	1.0	1.1	13.0	-	4.4	1/17/2019
200 Passaic Ave	Kearny	NJ	6%	0.7	0.8	13.0	-	3.2	3/3/2019
8000 Mall Walk	Yonkers	NY	6%	6.7	7.1	22.0	-	28.5	4/28/2019
1040 Annapolis Mall	Annapolis	MD	6%	6.2	6.5	17.0	-	13.1	3/4/2019
Other Unencumbered Properties	N/A	N/A	6%	132.5	140.9	N/A	N/A	N/A	5/31/19
Total	N/A	N/A	6%	401.3	426.9	N/A	N/A	N/A	